G.R.S. IX—5]

Previous references. 1920. **File No.** 113-20

(Geol)

Serial Nos. Notes only

Later references.

17

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT

Concessions to be granted to Mr. Francis Hogarth & Prospect for minerals in Mysore.

Printed on the Multigraph.

Demi-Official.

File No. 162 (of 1910)

Serial Nos 1 to 5

Gen 113-20

DEWAN'S OFFICE.

1910.

SUBJECT.

Concession to be granted to Mr. Francis Hogarth to prospect for minerals in Mysore

PREVIOUS REFERENCES.	LATER REFERENCES.

Commenced on 14th Feb 1910.

Closed on 28th Oct 1910.

Gsol 113-20

D. O. File No. of 1910.

Subject Concession to be granted to Mr. Francis Hogarth to prospect for mineral in Mysore.

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GPB—1,000—12-1-15

1

D. O. No. 683/En 1

Bangalore
14th February
1910

My dear Sir,

I send herewith in orgl. a DO received from the Hon'ble the Resident, No 905 dated the 12th instant, in regard to the Hosakote Concession - for your remarks and suggestions - I shall be glad to have also the draft of a reply

you would propose
in the matter –

Yours Sincerely
T. Duncan Esq

h– J Smith Esq
Secy to Govt.
Geological dept –

Ir 682 & 12 Feb 10

Enclosure 1

1. Draft of letter to Dr. Smeeth approved by Secretary and issued.

2. Draft letter to Dr. Smeeth approved by Secretary and issued.

CEB
14 Feb 10.

7682

Encl to 1

D.O. letter No.905 dated Bangalore, 12th February 1910, from the Hon'ble the Resident, to the Dewan.

Will you kindly refer to Dr. Smeeth's letter No.C.10, dated the 25th January 1910, on the subject of the grant of a concession to Mr. Francis Hogarth to prospect for gold and other minerals in Mysore.

2. The revised draft concession now forwarded embodies, in the main, the provisions of the draft of 1900 which accompanied the Durbar's letter No.18-D., dated the 3rd January 1900, and contains also certain additional provisions which appear to be suitable. Para 11 of the draft of 1900 has been omitted, and this omission calls for no notice. On the other hand, the provision in para 8 of the revised draft that the amount of consideration for the first 5 leases to be granted under para 7 shall be left to the discretion of the Syndicate introduces a material departure from the arrangement contemplated in para 7 of the previous draft under which the amount of consideration for all such leases should be previously agreed upon between the Government and the Syndicate. The arrangement originally proposed has received the assent of the Government of India, and no reason has been assigned for the change now suggested. In any case, the revised provision, involving, as it does, a material alteration in the terms of the concession as already approved would seem to call for further reference to the Government of India.

3. As regards the points dealt with in paragraphs 3 to 6 of Dr. Smeeth's letter, no remarks seem called for. Para 14 of the revised draft concession provides for the apportionment of the consideration money as soon as each lease is issued, and para 6 lays down that each mining Company should have a working capital of not less than £10,000/- for each half square mile. As the terms of the lease will, besides mentioning

the minimum capital of £10,000/- necessary, lay down also that the Company should provide "a sum sufficient for efficiently carrying on mining operations", the Durbar, it is believed, can effectually regulate this matter. The expression "not exceeding £10,000/-" occurring in para 7 of Dr. Smeeth's letter is apparently a clerical error for "not less than £10,000/-.

4. With reference to para 8 of Dr. Smeeth's letter, it appears to me that the revised terms of the concession should be referred to the Government of India before they are finally accepted by the Durbar. Apart from the point referred to in para 2 supra, it would seem that, under the terms of the proposed concession, more than 10 square miles are likely to be granted for mining purposes. It is true that, under para 4 of the revised draft concession, the Syndicate can select only 10 square miles in blocks (referred to in the concession as "Development Blocks") for the eventual formation of mining Companies to work them, but under para 12 of that draft, the Syndicate has the right to procure leases for additional plots of land (not comprised within a Development Block) by the side of the development blocks originally selected.

Before referring the matter to the Government of India, I shall be glad to be informed whether the terms of the concession now proposed have been approved by Mr. Hogarth in their entirety.

-o-o-o-o-o-o-o-o-

"Copy"

D.O.No. 837

Camp Mysore,
24th April 1910.

My dear Sir,

I have to acknowledge the receipt of your D.O. letter No.905, dated the 12th February 1910, on the subject of the concession to be granted to Mr. Francis Hogarth to prospect for minerals in Mysore.

2. With regard to clause 8 of the revised draft whereby the consideration for the first five leases is left to the discretion of the Syndicate, I must explain that when the draft of 1900 was sent to Mr. Hogarth for his opinion he pointed out that the provision in clause 7 thereof, which required the previous consent of Government to the amount of consideration to be accepted for a lease, would unduly hamper and delay negotiations and that such delay might probably block negotiations as time is often of great importance in such matters. The Durbar were satisfied with Mr. Hogarth's contentions and accordingly revised the clause in question so as to give the Syndicate the discretion to settle the price for a lease, but the discretion is only partial and limited at present to only five of the leases to be granted, so that if the Government are not satisfied with the results of disposal of the first five leases by the Syndicate, the Government have the power to call upon the Syndicate to

obtain the approval of Government for the amount of the consideration to be obtained for the subsequent leases to be granted.

3. The attitude of the Durbar in regard to such a question may perhaps be explained a little more fully.

4. In the event of the Syndicate asking too high a price the purchasing Company would naturally decline to close, and as Government can have no power to insist on the Syndicate accepting a lower price either under the terms of the Draft of 1900 or under those of the Draft of 1910, the sale of the blocks in question would remain incomplete and eventually the blocks would lapse to Government. No great harm would be done except to the Syndicate and hence the incentive to the Syndicate to ask for reasonable terms.

5. At the other end of the scale, the Syndicate might offer a block for an unduly low price. Self interest would be against this and the Syndicate would suffer more than Government. But more than this, it is not very much the concern of Government that the price obtained should be high. Government cannot expect to share to any great extent in the total consideration received and do not seek to obtain much return from such a source. Rather do they prefer that a Company should not be heavily burdened at its inception with watered capital and

that it should have as much money as possible free for development of Mining. If a substantial return is to be obtained it should be from successful work and the royalties accruing therefrom rather than from the catch-a-penny chances of company mongering. The one direction in which Government control might be exercised would be in declining to agree to a price which they thought unduly high and likely to burden the new company. In the present condition of mining in India the chance of such a price being paid by a company is remote and hence the opportunity for Government intervention would be rare. It does not seem worth while to hamper and possibly nullify the negotiations in all ordinary cases in order to provide for such a possible contingency. The Durbar are therefore of opinion that the negotiations for sale are sufficiently guarded by the self-interest of both the Syndicate and the purchasing company and that the terms of sale may be safely left in the hands of the buyers and sellers.

6. The limiting of such powers of sale to the first five leases is a concession to the terms of the draft of 1900, which has received the approval of the Government of India, rather than an expression of the Durbar's conviction of the necessity for or desirability of such limits.

7. I regret to find that specific reference to this matter has been omitted from Dr. Smeeth's letter and I trust that,

in view of the explanation now offered you will be able to secure the approval of the Government of India to the policy of the Durbar in this matter.

8. With reference to para 3 of your letter the point of view of the Durbar is that the amount of capital should be fixed for each lease separately at the time the lease is granted and as provided for in the terms of the lease itself.

9. Although the stipulation of "£10,000 for each half square mile" has been left in the Draft concession in clauses 6 and 12, the Durbar are of opinion that it would be better to omit it altogether. In that case Mr. Hogarth might ask for some sign or limit as to the amount of capital which the Durbar would require and to meet such a request it was proposed in para 7 of Dr. Smeeth's letter that the <u>maximum</u> which would be demanded would be £10,000. You will see from this that the expression "not exceeding" is not a clerical error for "not less than" but conveys the opinion of the Durbar that £10,000 is sufficient or more than sufficient to ask for in any case as a blind guarantee for good faith in a new venture. The Durbar would be glad of the approval of the Government of India to such a limit and to the deletion of the sentences regarding a capital of not less than £10,000 per half square mile from clauses 6 and ~~10~~ 12 of the Concession.

10. With reference to para 4 of your letter it is perhaps unnecessary to discuss the point raised, if, as you suggest, the terms of the Concession have on other grounds to be referred to the Government of India.

11. I may say however that the reference to 10 square miles in para 8 of Dr. Smeeth's letter was made because the Durbar can now grant concessions which do not involve the grant of more than 10 square miles to any one party. The 10 square miles under the concession will, it is assumed, be granted to various lessees and the additional areas will be granted only after some or all of the original areas have been leased.

12. I have to add that no reply has yet been received from Mr. Hogarth in regard to the terms of the proposed concession.

Yours Sincerely
Sd. D. Ananda Row.

The Hon'ble
Mr. S.M. Fraser C.I.E.,
Resident in Mysore.

3

Bangalore

D. O. No. Fr 965

16th May 10

No. 2925

My dear Sir

I am desired to acknowledge the receipt of your DO letter No. 837 dated the 24th April 1910, regarding the concession to be granted to Mr. Francis Hogarth to prospect for minerals in Mysore, and to say that the Resident proposes to address the Govt. of India on the subject after hearing from the Durbar of Mr. Hogarth's views in regard to the terms of the concession.

Yours Sincerely
Sd) W. G. Grey Major
First Asst Resident

T. Ananda Rao Esqr. Dewan of Mysore

Dewans order:- U.S. To be placed on the file. Sd/ T.A.R. 16 May

"Copy" C.H. 17 May 10.

His note:- To the Secretary, Geol. dept. Sd) K M.

D. O. No. 7r 1622

4

THE RESIDENT MYSORE

BANGALORE.

21st October 1910.

Dear Sir,

Will you please refer to Major Grey's demi-official letter No.2925, dated the 16th May 1910, regarding the --- concession to be granted to Mr. Francis Hogarth to prospect for minerals in Mysore and let me know for Col. Daly's information, how the matter now stands.

Yours Sincerely

First Asst. Resident.

T. Ananda Row, Esq., C.I.E.,

Dewan of Mysore.

K.M.
20.10.10.

P. T. O

Please type

Copy forwarded to the Secretary for, Sec Dept. for favour of notice, how the matter stands.

The D.O. of 16.5.10 was sent to the Sec Secretary on the 17th idem

B.O.
for
H.S.

Simla
23 Oct 10

Submitted

The original papers on the subject are in the Geological Secretariat. Copies of papers available in the Dewan's office are put up herewith

CSK
23 Oct 50.

5

Mysore

D. O. No. 1492

28 Oct 10

My dear Sir

I have to acknowledge the receipt of your D.O. letter No 6338 of the 21st October 10. regarding the concession to be granted to Mr. Francis Hogarth to prospect for minerals in Mysore and to state in reply that a copy of the draft of the proposed concession was forwarded to Mr. Hogarth on 25th January 1910 for his opinion. He has acknowledged it in his letter of 16th February 10 and said that it was receiving his attention No further communication has

since been received from him

Yours Sincerely

Sd) T. Anandakar

P. B. Warburton Esq I.C.S.

First Asstt to the Hon'ble the Resident
in Mysore

Copy